

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
PERRY TOWNSHIP
CLINTON COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
7/28/06

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Constance J. Blacker	01-01-03 to 12-31-06
Chairman of the Township Board	Gerry Somers	01-01-03 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF PERRY TOWNSHIP, CLINTON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Perry Township (Township), for the period of January 1, 2003 to December 31, 2005. The Township's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 27, 2006

PERRY TOWNSHIP, CLINTON COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 11,704	\$ 15,945	\$ 19,211	\$ 8,438
Dog	268	214	-	482
Township Assistance	4,522	5,177	7,373	2,326
Firefighting	26,493	31,708	44,067	14,134
Cemetery	993	749	1,080	662
Levy Excess	1,885	-	1,885	-
Fire Debt	3,465	26,804	29,361	908
FEMA Grant	107,639	-	107,628	11
Totals	<u>\$ 156,969</u>	<u>\$ 80,597</u>	<u>\$ 210,605</u>	<u>\$ 26,961</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 8,438	\$ 35,454	\$ 34,987	\$ 8,905
Dog	482	172	-	654
Township Assistance	2,326	18,625	15,401	5,550
Firefighting	14,134	54,549	56,007	12,676
Cemetery	662	316	820	158
Fire Debt	908	65,190	56,125	9,973
FEMA Grant	11	63,000	63,000	11
Rainy Day	-	2,285	-	2,285
Totals	<u>\$ 26,961</u>	<u>\$ 239,591</u>	<u>\$ 226,340</u>	<u>\$ 40,212</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 8,905	\$ 24,935	\$ 20,134	\$ 13,706
Dog	654	405	354	705
Township Assistance	5,550	11,536	6,522	10,564
Firefighting	12,676	31,603	36,974	7,305
Cemetery	158	-	158	-
Fire Debt	9,973	19,232	17,395	11,810
FEMA Grant	11	-	-	11
Rainy Day	2,285	-	-	2,285
Totals	<u>\$ 40,212</u>	<u>\$ 87,711</u>	<u>\$ 81,537</u>	<u>\$ 46,386</u>

The accompanying notes are an integral part of the schedules.

PERRY TOWNSHIP, CLINTON COUNTY
NOTES TO SCHEDULES

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Long-Term Debt

The Township has entered into debt such as a loan for a fire station. The outstanding principal at December 31, 2005, was \$124,158.

PERRY TOWNSHIP, CLINTON COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Audit Report B21457.

- (1) Record balances were not reconciled to depository balances.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

- (2) There were a number of posting errors. These errors included excess levy transfers not being correctly posted and temporary loan repayments not recorded in the proper amounts.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

- (3) The Annual Financial Reports for the years 2003, 2004, and 2005 did not always agree to the Financial and Appropriation Record. The ending balances of the 2003 and 2004 annual reports did not agree to the beginning balances of the 2004 and 2005 reports. The detail of receipts and disbursements section of the annual report for transfers in, did not agree to transfers out.

PERRY TOWNSHIP, CLINTON COUNTY
 EXAMINATION RESULTS AND COMMENTS
 (Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
Township Assistance Fund	2003	\$ 149
Fire Debt	2003	325
Fire Debt	2004	1,924

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PERRY TOWNSHIP, CLINTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2006, with Constance J. Blacker, Trustee.
The official concurred with our findings.